

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 3114 – SB 3101**

June 2, 2010

**SUMMARY OF AMENDMENTS (015499, 019277):** Amendment 015499 deletes all language after the enacting clause of the original bill. Authorizes the Department of Children's Services (DCS) to extend foster care services to youth ages 18 to 21 who are in DCS custody at the time of the individual's 18<sup>th</sup> birthday and who are completing secondary education or a program leading to an equivalent credential, enrolled in a post-secondary or vocational institution, participating in a program designed to remove barriers to employment, is employed for at least 80 hours per month, or is incapable of any of the preceding activities due to a medical condition that is documented by a permanency plan. DCS is also authorized to make foster care services available to youth ages 18 to 21 who opted out of the program at the time of their 18<sup>th</sup> birthday and who desire to reenter the program. Authorizes individuals over the age of 18 to remain under the continuing jurisdiction of the juvenile court for the purposes of the extending foster care services.

Amendment 019277 changes the advisory committee cited in the bill as amended from Tenn. Code Ann. § 37-2-501 to § 37-2-601. Deletes language in Section Three of the bill as amended pertaining to the act being subject to the availability of funds. Repeals the act on June 30, 2010 and specifies that the repeal shall not affect any programs that provide services to youth who are transitioning from DCS custody to independence as adults and that are administered by DCS prior to the July 1, 2010 effective date.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Net Impact - \$14,291,688/FY10-11  
Net Impact - Exceeds \$14,291,688/FY11-12 and Subsequent Years

Increase Federal Expenditures - \$4,935,535 /FY10-11  
Exceeds \$4,935,535/FY11-12 and Subsequent Years

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – Net Impact - \$1,785,800/FY10-11**

**Increase Federal Expenditures – \$2,604,400/FY10-11**

**HB 3114 – SB 3101**

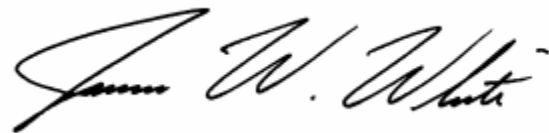
Assumptions applied to amendments:

- DCS will not be required to opt into the federal Fostering Connections program.
- According to DCS, the program will be a nine month program in FY10-11 only. This program will begin on October 1, 2010 and end on June 30, 2011. The Department is unsure if the program will continue in FY11-12 though the act will repeal at the end of FY11-12.
- The program will be capped at 250 participants.
- In FY10-11, of the individuals who will continue in the foster care system, approximately 142 will be placed in family-based foster care at a cost of \$1,455 per month per person; a total monthly cost of \$206,610. Approximately 87 will be in group homes at a cost of \$3,707.40 month per person; a total monthly cost of approximately 322,544.
- Approximately 21 will be placed in independent living at a cost of \$1,200 month per person; a total monthly cost of \$25,200. Total placement cost is approximately \$4,989,186 (\$1,859,490 + \$2,902,896 + \$226,800).
- The expenditures for youth remaining in the system will be reimbursed under the federal Title IV-E program. Approximately 50 percent of the youth will be eligible for federal reimbursement at a 65.85 percent match rate. The amount of new Title IV-E federal reimbursement will be approximately \$1,642,690 (\$4,989,186 x 50% x 65.85%).
- Total state placement cost with federal reimbursement is estimated to be approximately \$3,346,496 (\$4,989,186 - \$1,642,690).
- In FY10-11, for youth continuing in foster care, DCS will hire approximately 13 new case workers at a cost of \$80,011 in salary and benefits; total annual cost of \$1,040,143. Approximately two new supervisors will be hired at a cost of \$88,000 in salary and benefits. Approximately one new DCS team coordinator will be hired at a cost of \$107,471 per position. These personnel will be eligible to receive federal reimbursement from Title IV-E at a 50 percent match rate.
- Total cost for personnel is estimated to be \$1,323,614 (\$1,040,143 + \$176,000 + \$107,471). Fifty percent of these expenditures will be paid for with federal Title IV-E dollars (\$661,807) and 50 percent of these expenditures will be paid for with state appropriations (\$661,807).
- Total extension of foster care placement and personnel costs in FY10-11 with federal reimbursement will be approximately \$4,008,303 (\$3,346,496 + \$661,807).
- To extend guardianship, DCS estimates that approximately 38 youth will participate in FY10-11 at a cost of 714.60 per month. Total cost for guardianship extension in FY10-11 will be approximately \$244,393 (38 x \$714.60 x 9).
- Total state cost for foster care and guardianship extension services in FY10-11 will be approximately \$4,252,696 (\$4,008,303 + \$244,393).
- New Title IV-E revenue for foster care and personnel is approximately \$2,304,497 (\$1,642,690 + \$661,807).
- DCS estimates that in FY10-11, the state will shift approximately \$1,388,789 in state funding and approximately \$2,037,991 in federal Chaffee funding to this program.

- The TennCare program currently provides coverage to foster children from birth through the age of 18.
- There is a voluntary Medicaid category called “Independent Foster Care Adolescents” that will allow continuation of Medicaid coverage for persons between the ages of 18 and 21 who were in foster care on their 18<sup>th</sup> birthday.
- The Bureau of TennCare estimates that approximately 250 individuals between the ages of 18 and 21 will qualify for this new category of coverage in FY10-11.
- It is estimated that the individuals will receive services at a cost of approximately \$132.06 per-member-per month for 100 males and \$236 for 150 females per-member-per month. Increase in expenditures for males is estimated to be \$118,854 (\$132.06 x 100 x 9 months) and females \$318,600 (\$236 x 150 x 9 months). The total increase in expenditures is estimated to be approximately \$437,454 (\$118,854 + \$318,600).
- Three months of expenditures, \$145,818 (\$437,454/3) will receive the enhanced ARRA match rate of 74.138 percent federal and 25.862 percent state resulting in \$108,107 in federal funds and \$37,711 in state funds.
- The remaining six months of expenditures, \$291,636 (\$437,454 - \$145,818) will receive a federal match of 65.78 resulting in \$191,838 in federal funds and \$99,798 in state funds at a rate of 34.22 percent.
- The total increase for TennCare in state expenditures is \$137,509 (\$37,711 + \$99,798) and \$299,945 (\$108,107 + \$191,838) in federal funds.
- New Title IV-E revenue is estimated to be \$2,604,442 (\$2,304,497 + \$299,945) in FY10-11.
- The total increase in state expenditures for foster care, personnel, and TennCare is estimated to be \$4,390,205 (\$4,252,696 + \$137,509)
- The total net increase in state expenditures in FY10-11 is estimated to be \$1,785,763 (\$4,390,205 - \$2,604,442).

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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